

SS SCS HB 282 -- PUBLIC EMPLOYEE RETIREMENT

This bill changes the laws regarding public employee retirement.

MISSOURI LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Sections 70.710 - 70.730, RSMo)

A funding mechanism is created for survivor benefits when a member of the Missouri Local Government Employees' Retirement System dies as the result of a duty-related injury or disease.

KANSAS CITY POLICE AND CIVILIAN EMPLOYEES' RETIREMENT SYSTEMS (Sections 86.900, 86.1100 - 86.1120, 86.1140, 86.1150, 86.1230 - 86.1250, 86.1310, 86.1420, 86.1480 - 86.1510, 86.1540, 86.1560, and 86.1600 - 86.1620)

The bill:

(1) Changes the definition of "employee" to prohibit membership in the Civilian Employees' Retirement System of the Police Department of Kansas City by any retired member of the Police Retirement System of Kansas City or from any other retirement or pension system of Kansas City who is appointed on or after August 28, 2011;

(2) Changes the start date for benefits of a member who retires or terminates after August 28, 2011, to the first day of the month following the month in which a member retires or terminates. No partial benefit is payable for the month in which the member retires or terminates;

(3) Specifies the requirements and time frame for the final beneficiary payment or a survivor's benefit upon the death of a retired member;

(4) Allows creditable service to be purchased by a member who is on an unpaid leave of absence for 30 consecutive days or less and returns from the leave prior to August 28, 2011, if the leave has been approved by the board of police commissioners;

(5) Requires a member, when purchasing prior creditable service after a leave of absence and a return to active service, to pay the actuarial cost as determined at the time of purchase rather than repaying the amount of his or her accumulated contributions with interest; and

(6) Requires a member who terminates membership and later returns to the system and is eligible to purchase prior creditable service to deposit in the pension fund an amount equal to the member's portion of the actuarial cost to restore the

service. The portion will be determined on the ratio of the member's contribution rate to the total of the member and employer contribution rate at the time the member elects to purchase the service.

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS (Sections 87.127, 87.205, and 87.207)

The bill:

(1) Specifies that the retirement plan of the Firemen's Retirement System of St. Louis is intended to be a qualified governmental plan under applicable federal law and requires the benefits and conditions of the plan to be interpreted and the system to be operated to ensure that the system meets the federal qualification requirements; and

(2) Changes the laws regarding a member of the system who retires on or after August 28, 2011, because of accidental disability as follows:

(a) Any member retiring because of accidental disability based on a condition of the heart, lungs, or cancer or based on a permanent and total disability which will prevent the member from obtaining employment elsewhere, as determined by the board of trustees of the retirement system, based on medical evidence presented by the system's physicians will receive, regardless of his or her years of credible service, 75% of the earnable compensation then provided for the step in range of salary for the title or rank held by the member at the time of his or her retirement;

(b) Any member retiring because of accidental disability for a condition not stated above will receive a base pension equal to 25% of his or her salary at the time of retirement. If a member has 25 years or less of creditable service at retirement, he or she will receive an additional 2.75% for each year of creditable service equal to or greater than 10 years but not more than 25 years. A member with more than 25 years of creditable service will receive an additional pension equal to 50% of his or her salary;

(c) A member retiring because of accidental disability other than on a condition of the heart, lungs, or cancer or based on a permanent and total disability which will prevent the member from obtaining employment elsewhere can elect to receive an education allowance in an amount not to exceed the tuition for a state resident at the University of Missouri-St. Louis. The member must enroll in a college, university, community college, or vocational or technical school at the first opportunity after

retirement, and the member will be reimbursed upon proof of payment to the institution. The education allowance must cease if the member is no longer a full-time student, fails to provide proof of achievement of a grade point average of two on a four-point scale or the equivalent on another scale for each academic term, or is restored to active service as a firefighter. The education allowance cannot be available for more than five years after the member retires. A member with 25 years or less of creditable service electing to receive the education allowance who is a full-time student will also receive an additional supplemental disability retirement pension in an amount that will pay him or her 100% of the member's active duty salary, excluding the education allowance, for up to five years;

(d) A member who retired due to accidental disability for a reason other than based on a condition of the heart, lungs, or cancer or based on a permanent and total disability which prevents the member from obtaining employment elsewhere with more than 20 years but not more than 25 years of creditable service may waive the right to receive the education allowance, the additional pension allowance, and the supplemental disability retirement pension and may elect instead to receive in addition to the accidental disability retirement base pension an additional pension equal to 40% of the member's salary at the time of retirement if the election is made prior to receiving his or her first accidental disability pension payment; and

(e) The retirement allowance will be increased annually in October for a member who retired due to accidental disability for a reason other than based on a condition of the heart, lungs, or cancer or based on a permanent and total disability which prevents the member from obtaining employment elsewhere, unless a member has more than 25 years of creditable service, the accidental disability allowance can only increase at a rate of 1% per year, compounded each year, up to age 60, then 5% per year for five years. For a member having more than 25 years of creditable service, the accidental disability allowance can only increase at a rate of 2.25% per year, compounded each year, up to age 60, then 5% per year for five years.

MISSOURI DEVELOPMENT FINANCE BOARD EMPLOYEES' RETIREMENT (Section 100.273)

Any person employed by the Missouri Development Finance Board on or after September 1, 2011, in a full-time position will be a state employee and a member of the Missouri State Employees' Retirement System (MOSERS). The employee will not have coverage under the Missouri Consolidated Health Care Plan unless the coverage is requested by the finance board and approved by the board of trustees of the health care plan. An employee of the

finance board prior to September 1, 2011, may elect to purchase all or a portion of his or her prior creditable or credited service in MOSERS up to the actual years of prior full-time service with the finance board.

TRANSFER OF SERVICE BETWEEN THE MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM AND THE MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM (Section 104.603)

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) and the Missouri State Employees' Retirement System (MOSERS) must transfer money between the two systems when an employee transfers service between the systems on or after September 1, 2011. The bill specifies the method the systems are required to use to calculate the amount of the transfer payment, and the amount of the money transferred cannot be less than the amount of the employee's accumulated contributions and interest plus any purchased service payments.

QUARTERLY REPORTING BY PUBLIC RETIREMENT SYSTEMS (Section 105.661)

Each public retirement system that provides a defined benefit retirement plan is required to submit a quarterly report about the plan's investment performance to the Joint Committee on Public Employee Retirement. If a plan fails to submit the report, the committee may subpoena witnesses, take testimony under oath, and compel the production of records regarding this information pursuant to the committee's authority under Section 21.561.

STATE OF MISSOURI DEFERRED COMPENSATION PLAN (Sections 105.915 and 105.927)

Each new employee eligible to participate in the State of Missouri Deferred Compensation Plan who is hired on or after July 1, 2012, will automatically be enrolled in the plan unless he or she elects not to participate within the first 30 days of employment. An employee of a state college or university will not be automatically enrolled but may elect to participate in the plan and make contributions. Contributions to the plan will be effective on or after the first day of the month following the date of hire; and the employer will withhold and contribute to the plan an amount equal to 1% of eligible compensation received on and after the date of hire. An employee may change his or her contribution amount or opt in or out of the plan at any time.

Beginning September 1, 2011, if a member is married on the date of his or her death, the member's surviving spouse must

automatically be designated as the primary beneficiary under the deferred compensation plan unless the surviving spouse consented in writing, witnessed by a notary public, to allow the participating member to designate someone else as the beneficiary. The automatic beneficiary designation will not apply to designations made prior to that date. The Missouri State Employees' Retirement System (MOSERS) is authorized to adopt and amend plan documents to change the terms and conditions of the plan that are consistent with federal law.

Currently, the state must credit an amount up to \$75 per month, as determined by appropriation, to each qualified participant's deferred compensation account if the participant is making continuous deferrals of at least \$25 per month, the participant has been employed by the state for at least 12 consecutive months, and the state contribution does not exceed the amount that the participant contributes. The bill removes these contribution conditions and allows the funds to be credited to each participant directly by a state agency if that agency's payroll is not issued through the State Treasurer.